



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



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**FISCAL YEAR 2004
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMO #21**

TO: Child and Adult Care Food Program Institutions

FROM: Mary Ann Chartrand, Director
Grants Coordination and School Support

DATE: August 20, 2004

SUBJECT: **Clarification Regarding Administrative Costs**

Institutions will not be allowed to retain more than 15% administrative costs on a year-to-date basis. If an institution exceeds the 15% cap, the amount over the 15% figure must be used for food service operational expenses and reflected in the non-profit food service budget. For example, if 15% of the administrative costs to meal value would be \$1,000.00, but the institution will actually be spending \$1,500.00, the \$500.00 over the 15% administrative cap must be placed in the budget for food service operational expenses (perhaps for a new refrigerator or stove, etc.).

Institutions are not permitted to enter administrative costs to their claim for reimbursement if the FY 2005 CACFP approved budget does not include them. Should you desire to claim administrative costs, you must include it in your initial budget or amend your budget in CNAP. Budget amendments for administrative costs will be limited to three (3) times per fiscal year.

A sponsoring organization of centers may request a waiver for administrative costs in excess of 15% of the estimated meal reimbursements for the budgeted year. Justification must be provided to the Michigan Department of Education to determine whether or not the institution will have adequate funding to provide meals [7CFR 226.6(f)(3)]. The waiver form is attached.

If you have any questions regarding this policy, please contact Child and Adult Care Program staff at (517) 373-7391.

Fiscal Year 2005 Operational Memos for the Child and Adult Care Food Program will ONLY be available online. We will no longer be sending operational memos via mail. You are responsible for the information in all Operational Memos. To access:

1. Go to <http://michigan.gov/mde>
2. Click on Programs and Offices.
3. Click on Grants Coordination and School Support.
4. Scroll to Resources and Related Information and click on CACFP Operational Memos.

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